UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF PANAMA

IPF:(1987-91) $4 446 000

(PAN/92/004) - Port Sector Reform

Date of approval by the AC:[1/]	11 March 1992
Expected duration:	24 months
Proposed executing agency:	Government
Government implementing agency:	Ministry of Planning & Economic Policy
Proposed UNDP contribution:	$ 995 100 Source of funds: IDB
Total UNDP budget:	$ 995 100

Project background

The political crisis of 1988 in Panama had serious repercussions in the country's economic activities. Despite the economic reactivation policy adopted after the return to normality, Panama has been unable to regain the economic dynamism which had existed prior to the crisis. GNP growth in 1990 was 3.4 percent, a significant drop from the five percent achieved during the previous five years. There has been a heavy impact among low income sectors, expressed in an unemployment rate of 20 percent in 1991 (compared to an average of 12 percent the previous five years) and 50 percent of the population living under the poverty line. This situation has been compounded by a public sector which has committed large volumes of public revenues towards financing services of low quality and which constitute a particular problem for an economy structured around provision of services to the international community through the Panama Canal, the International Banking Center, the Free Trade Zone and the International Shipping Registry.

In recent years, various international organizations pointed out that the existing Port Authority does not perform its duties correctly. The lack of adequate maintenance of existing infrastructure jointly with a great deal of inefficiencies, result in high cost service for the end users which are now preferring other external ports. Private investors have not entered into this market due to the no existence of a regulatory framework.

UNDP assistance in the implementation of the Reform of the Public Sector Programme will concentrate in providing support to the Co-ordinating Unit of the Economic Program. Although this Unit will serve as implementing agency under the modality of National Execution, it is important to stress that (US$ 7,654,300 (or nearly 75.0 percent) of the total UNDP budget will be executed in the form of sub-contracts.

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

Presently, the Government has requested UNDP technical assistance for the implementation phase of the Reform of the Public Sector Programme in four sectors: (1) telecommunications; (2) ports; (3) electricity; and (4) water and sewage.

Description of project

This project is part of a cluster of four projects which will assist the implementation of RPSP. The immediate objectives of the project are to: (a) establish and consolidate the mechanisms for processing concessions and licences to new investors in the port sector; (b) attract investments into the private port facilities area; and (c) define a regulatory framework for developing the port sector.

At the end of the programme period the project is expected to provide concessions and licences to port sector companies and areas for future investments in the port sector.

Inputs

UNDP will provide 24 work-months for a CTA/expert in port tariffs, six work-months for an international expert in port costs and engineers, 22 work-months of national consultants in management, environment, and planning; computers and office equipment; international and national travel by subcontractors and project personnel; and miscellaneous costs.

Financial data

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Personnel	737 500
Equipment	100 000
Miscellaneous	157 600
Total	995 100

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